

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6236
BILL NUMBER: SB 297

NOTE PREPARED: Jan 1, 2004
BILL AMENDED:

SUBJECT: Kindergarten Enrollment Date.

FIRST AUTHOR: Sen. Lubbers
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2004	FY 2005	FY 2006
State Revenues			
State Expenditures			2,227,000
Net Increase (Decrease)			(2,227,000)

LOCAL IMPACT	CY 2004	CY 2005	CY 2006
Local Revenues			5,345,000
Local Expenditures			
Net Increase (Decrease)			5,345,000

Summary of Legislation: This bill provides that a child must be at least five years of age on the following date in a school year to enroll in a school corporation's kindergarten program for that year: (1) August 1 of the 2005-2006 school year; (2) September 1 of the 2006-2007 school year; or (3) September 1 of any subsequent school year. (Current law provides that a child must be at least five years of age on July 1.) The bill, instead of requiring the adoption of an appeals procedure, allows a school corporation to adopt an appeals procedure for a parent who wishes to enroll a child who is not at least five years of age.

Effective Date: July 1, 2004.

Explanation of State Expenditures: *State Tuition Support:* This bill will increase the average daily membership (ADM) of school corporations used in the school formula over a three-year period as compared to the ADM under current law. The increase in the ADM, about 12,083, will then remain constant for the next 10 years. Consequently, this increase in ADM will also increase expenditures from the school funding formula.

During the 2002-2003 school year, 72,326 students were enrolled in public school kindergarten. Assuming an even distribution of births over the 12-month period, each month will add 6,027 children to the statewide average daily membership (ADM). Under current statute, kindergarten students are counted as a half ADM. Consequently, the additional costs in the first year will be based on an additional ADM count of 3,014.

Based on the changes in ADM as a result of the dates of admission changes, the additional costs that are generated by the school funding formula are shown in the following table. [Note: The estimated costs are based on current state law projected for CY 2006 and CY 2007. The future costs that are associated with the additional ADM could be changed depending on the school formula adopted for CY 2006 and CY 2007.]

Calendar Year	Incr. ADM	State Tuition Support	Remediation	Growing Enrollment	Primetime	Total State Support
2006	3,021	\$3,158,000	\$47,000	\$1,981,000	\$159,000	\$5,345,000
2007	9,062	\$12,126,000	\$282,000	\$3,348,000	\$429,000	\$16,185,000
2008	12,083	\$17,012,000	\$376,000	\$3,346,000	\$673,000	\$21,407,000

State PTRC and Homestead: The bill is projected to reduce the local school General Fund property tax levies by \$1.44 M for CY 2007. The reduction in state Property Tax Replacement Credits and Homestead Credits (67.4% of school General Fund levies) is estimated to be \$1 M ($\$1.44\text{M} \times 0.674$) for CY 2007 and \$2.6M ($0.674 \times \$2.42\text{M}$) for CY 2008.

Net State Impact: P.L. 291-2001 and P. L. 192-2002(ss) changed the payment schedule for the distribution of Property Tax Replacement Credits. Before CY 2002, 50% of the calendar year distribution was made in the first six months of the calendar year and the remaining 50% was made in the second six months of the calendar year. For CY 2002 and years after, 33.4% of the calendar year distribution is made in the first six months of the calendar year and the remaining 66.6% is made in the second six months of the calendar year.

Pursuant to P.L. 291-2001, the Governor changed the payment schedule for the distribution of tuition support for CY 2002 and years after. The old schedule provided 6 approximately equal monthly distributions in the first six months and 6 approximately equal monthly distributions in the second six months of a calendar year. The new schedule provides 5 approximately equal monthly distributions in the first six months and 7 approximately equal monthly distributions in the second six months of a calendar year.

The net state impact for FY 2006 equals \$2,227,000 (5/12th of \$5,345,000 additional state tuition support).

The net state impact for FY 2007 equals \$9,535,000, which is \$9,861,600 (7/12th of \$5,345,000 + 5/12th of \$16,185,000) minus \$326,600 (33.4% for January-June of CY 2007 * \$978,000).

The net state impact for FY 2008 equals \$17,163,700, which is \$18,360,800 (7/12th of \$16,185,000 +

5/12th of \$21,407,000) minus \$1,197,100 (66.6% for January-June of CY 2007 *\$978,000+33.4% for January-June of CY 2008 * \$1,634,000).

Explanation of State Revenues:

Explanation of Local Expenditures: The following table shows the additional number of students who would be added to the school corporations over the two-year period when the admission date is changed. As the table indicates, more than half of the school corporations (68%) would experience increases of between 15 and 50 students. Another 20% of the school corporations could experience increases of more than 50 students.

<u>Additional Number of Students over 2-Year Period</u>	<u># of School Corporations</u>	<u>Percentage Distribution</u>
Less than or equal to 5 Students	11	4%
More than 5 and less than or equal to 10 Students	24	8%
More than 10 and less than or equal to 15 Students	58	19%
More than 15 and less than or equal to 25 Students	83	28%
More than 25 and less than or equal to 50 Students	64	21%
More than 50 and less than or equal to 100 Students	38	13%
More than 100 and less than or equal to 200 Students	18	6%
More than 200 Students	<u>5</u>	2%
Total Number of School Corporations	301	

An alternative way to look at the additional students is by elementary school during the first year of implementation. As the table indicates, about 91% of the elementary schools would experience increases of fewer than eight kindergarten students the first year.

Additional Number of Kindergarten Students the First Year	# of Elementary Schools	Percentage Distribution
1 Student	12	1.08%
2 Students	94	8.47%
3 Students	147	13.24%
4 Students	181	16.31%
5 Students	186	16.76%
6 Students	181	16.31%
7 Students	140	12.61%
8 Students	73	6.58%
9 Students	39	3.51%
Greater than or equal to 10 and less than 15 Students	50	4.50%
Greater than or equal to 15 and less than 25 Students	3	0.27%
<u>25 or more Students</u>	<u>4</u>	<u>0.36%</u>
Total Number of Schools	1,110	100%

Currently, schools can admit students with birthdays between July and September by using a waiver. The Department of Education conducted a survey in the summer of 2000. The survey included 184 schools, and the schools that responded estimated that they would admit 2,041 students early using the waiver process. The admission of the students would lower the fiscal impact of moving the start date by about 10%.

Depending on the existing capacity of each school corporation, some school corporations may need to build new classrooms, add new teachers, acquire additional buses, or incur more route miles to transport kindergarten children to school. Other school corporations may be able to accommodate the additional children with current staff and facilities.

School corporations with classroom shortages may need to rent classrooms from local businesses or churches or use temporary classrooms until new classrooms are built. School corporations which add new classrooms will also incur additional costs for utilities and custodial care.

Explanation of Local Revenues: This bill is projected to reduce the general fund property tax levy by \$1.6 M for CY 2007. The net increase in revenue for schools would be \$5.3 M for CY 2006 and \$9.1 M for CY 2007. See *Explanation of State Revenue* for explanation of additional revenue from the state.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local school corporations.

Information Sources: Department of Education Databases and Survey.

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